



# Press Release



**Congressman John Conyers, Jr.  
Michigan, 14<sup>th</sup> District**

**Ranking Member, U.S. House Judiciary Committee  
Dean, Congressional Black Caucus**

[www.house.gov/judiciary\\_democrats/index.html](http://www.house.gov/judiciary_democrats/index.html)

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## **Conyers Introduces “Federal Disaster Profiteering Act”**

WASHINGTON, D.C. – Congressman John Conyers, Jr., Ranking Member of the House Judiciary Committee issued the following statement regarding the introduction of the “Federal Disaster Profiteering Prevention Act of 2005”, legislation that imposes tough new criminal and civil penalties on would-be profiteers who intentionally overcharge the federal government for the provision of goods or services tendered in response to a presidentially declared major disaster or emergency.

“One need not look beyond the ongoing reconstruction efforts in Iraq and the current controversy surrounding Halliburton to understand the need for such legislation. To date, Halliburton has been accused of overcharging the federal government by more than \$1.4 billion in “questionable” and “unsupported” reconstruction costs. Nearly two-thirds of these costs have been characterized as “questionable” because, according to government auditors, they are “unreasonable in amount” and “exceed that which would be incurred by a prudent person.” Such costs include, but are in no way limited to, \$617,000 in overpriced and double-billed soft drinks; \$152,000 in movie rental charges; \$1.5 million in excessive tailoring and seamstress charges; and over \$560,000 in unnecessary heavy equipment charges.

The “Federal Disaster Profiteering Prevention Act of 2005” is designed to prevent such acts from occurring in the future. It achieves this objective by cracking down on anyone who, in a matter involving a contract with the federal government, develops a “scheme or artifice to defraud the United States.” The civil penalties associated with a violation of this prohibition are the greater of \$1 million dollars or triple the gross profits or received proceeds.

The potential for additional future abuse of the federal contracting and procurement process is quite clear. Already, FEMA and the Army Corps of Engineers have awarded at least seven no-bid contracts to several politically well connected firms, including Halliburton. For example, Kellogg, Brown & Root, a subsidiary of Halliburton, is currently repairing damaged naval facilities under a \$500 million Defense Department contract. Additionally, no-bid housing contracts have been awarded to the Fluor Corp, a major Republican Party donor, and to the Shaw Group, a client of the lobbying and consulting firm run by friend of the president and former FEMA chief Joe Allbaugh. With such large sums being spent in this manner, it’s more important than ever that we send a clear message that we will not tolerate the overcharging of our government during times of federal emergencies.”

Cosponsors include Representatives Emanuel, DeFazio, Grijalva, Hinchey, Kilpatrick, Serrano, McDermott, Maloney and Sanders.